

The complaint

Mr S has complained about Santander UK Plc holding him liable for a debt which he says was taken out fraudulently in his name.

What happened

In summary, in 2025 a £10,000 Santander loan was taken out in Mr S's name and paid to a family member's Santander account. The family member then forwarded the money on to another account of theirs at a different firm.

Some of the details on the application were incorrect, but Santander says it did not check certain key details until afterwards.

Some weeks later, Mr S reported the loan as fraudulent. He said he didn't take it out, and he thought an estranged family member probably took the loan without his permission. He says he asked them and they denied it, but have since threatened him with violence.

Santander continued to hold Mr S liable for the loan, arguing it was technically possible that Mr S could be working together with the family member. It argued both that Mr S needed to pursue criminal charges against the family member, and also that this was a civil matter between them.

Our Investigator looked into things independently and upheld the complaint. Santander didn't agree, so the complaint's been passed to me to decide.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I need to consider whether Santander is entitled to hold Mr S liable for this account. Broadly speaking, the onus is on Santander to show that it is.

Santander has not provided any evidence which reasonably substantiates that Mr S took out this loan. Despite the size of the loan and it seemingly coming from a new customer, I can't see that Santander took any reasonable steps to verify who was applying. So it doesn't seem to be able to produce any evidence like ID it took, signed documents, live selfies – and so on – to actually support that this was Mr S's loan. Indeed, I understand that Santander even paid the loan to a third party's Santander account, who it could see was not Mr S even if they did have a very similar name.

On the other hand, there is plenty of evidence to substantiate that someone else took out this loan, rather than Mr S. For example, key details in the application were incorrect, the application does not appear to have used Mr S's actual contact details, the money was paid to a third party's bank account, and then it was forwarded on to another account of the third party's at another firm, such that it went outside of Santander's control. Mr S's testimony has been consistent and plausible. And from everything that's been sent, I can't see that Mr S ever benefitted from this loan. The third party appears to be the one benefitting from the loan and even managing the loan. Apparently, the third party even called Santander and gave their name as Mr S, before later admitting they were the family member, though Santander declined to give us that call.

Indeed, Santander itself admitted that "*all the evidence is pointing towards [the family member] taking this loan out for personal use/gain*".

So the balance of evidence is clear: it's most likely that this loan was taken out fraudulently, and Santander cannot reasonably show that it's entitled to hold Mr S liable for it.

Santander cannot hold Mr S to the terms of a loan which – as far as even they can see – he never agreed to. Nor can it fairly demand repayment of a sum which it never sent to him and it can't show he ever benefitted from. Nor should Santander be reporting this loan on Mr S's credit file when it's supposed to be an accurate reflection of his actual credit history, and not a record of accounts that other people fraudulently took out and benefitted from. Nor can Santander get around the above by declaring this a civil matter.

Santander argued it's technically possible that Mr S might be working with the family member. But that could be a possibility in many such cases, especially when the alleged fraudster is a known party. If Santander wants to hold Mr S liable for a £10,000 sum on the basis that he's working with the alleged fraudster, then the onus is on Santander to evidence that accusation. It cannot hold Mr S liable just because that's not an impossibility. The onus is not on Mr S to somehow show that he *isn't* working with the family member.

I do appreciate that Santander would strongly like Mr S to pursue criminal charges against the family member. Given factors like Mr S's vulnerability, his distressing family situation, and the reported threat of violence, I can see why he could be hesitant to go down that road. In any case, the lack of a police report does not reasonably substantiate that Mr S consented to this loan, not least given the rest of the evidence at hand. And whatever Santander may prefer, there was no strict requirement for Mr S to report this to the police, and Santander is not generally entitled to hold customers liable for loans they didn't apply for or receive merely on the basis of a lack of a police report. If, as Santander says, it wants to help stop Mr S from being victim a second time, it can put a Cifas protective registration in place for him.

Ultimately, from what I can see, this was most likely a loan taken out fraudulently in Mr S's name without his consent. And while fraudsters are generally primarily responsible for their own fraud, it seems this matter was also caused by a series of failures on Santander's part. For example, failing to carry out adequate checks on the loan application, failing to pay the loan funds to the right person, and failing to handle the matter fairly or reasonably when Mr S reported the fraud. So it seems fair that Santander bears responsibility for its failings. If it wants to recoup the loan, it could try pursuing the party it paid it to. I see the receiving bank also offered to take action on the loan funds for Santander many months ago, which was an offer Santander could've taken up back then or could ask them about now. But whatever Santander does, I don't see that it can fairly or reasonably pursue Mr S.

I also see that, through its failings, Santander added some real distress, upset, and worry for Mr S on top of what the fraud already caused him, and he's had to put reasonable efforts into sorting the matter out. Taking into account the impact Santander's actions had on Mr S, alongside our guidelines for compensation, I agree with our Investigator that it should pay him £300 to put that right.

Putting things right

I direct Santander UK Plc to:

- take the loan out of Mr S's name and disassociate him from it;
- make sure that Mr S is not pursued for this account again;
- permanently remove any record of this account from Mr S's credit file; and-
- pay Mr S £300 compensation for the trouble and upset it caused.

My final decision

For the reasons I've explained, I uphold Mr S's complaint, and direct Santander UK Plc to put things right by doing what I've said above.

If Mr S accepts the final decision, Santander UK Plc must carry out the redress within 28 days of the date our service notifies it of the acceptance.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 23 February 2026.

Adam Charles
Ombudsman